



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LARUE COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LARUE COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2001**

The Auditor of Public Accounts has completed the LaRue County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based on the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances decreased by \$888,443 from the beginning of the year, resulting in a cash surplus of \$1,374,812 as of June 30, 2001.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2001, was \$ 2,300,000. Future collections of \$3,254,454 are needed over the next 17 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$715,227 as of June 30, 2001. Future principal and interest payments of \$881,747 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Tommy Turner, LaRue County Judge/Executive  
Members of the LaRue County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of LaRue County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the LaRue County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, LaRue County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of LaRue County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Tommy Turner, LaRue County Judge/Executive  
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In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2002 on our consideration of LaRue County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of LaRue County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
February 28, 2002



LARUE COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

**Fiscal Court Members:**

Tommy Turner	County Judge/Executive
Gordon Conner	Magistrate
Pat Eastridge	Magistrate
Peggy Hawkins	Magistrate
Edward S. Lee	Magistrate
	Magistrate

**Other Elected Officials:**

Danny Rock	County Attorney
Ralph Trumbo	Jailer
Linda Carter	County Clerk
Larry Bell	Circuit Court Clerk
Merle L. Edlin	Sheriff
James Q. Shaw	Property Valuation Administrator
George Bertram	Coroner

**Appointed Personnel:**

Janet L. Propes	County Treasurer
Lauralene Reed	Finance Officer
Janet L. Propes	Personnel Officer
Tommy Rosel	Road Supervisor
Clara Druen	911 Administrator
Linda Flenner	Jail Administrative Assistant

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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

LARUE COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:		
Cash	\$	1,329,025
Road and Bridge Fund:		
Cash		2,450
Jail Fund:		
Cash		43,189
Payroll Revolving Account:		
Cash		50,514
	\$	1,425,178

Debt Service Fund Type

Courthouse Improvements Bond Fund:	
Cash	148

Other Resources

General Fund Type

General Fund:	
Amounts to be Provided in Future Years for Road	
Garage Property Principal Purchase Principal Obligations	
(Note 4)	\$ 310,523
Road and Bridge Fund:	
Amounts to be Provided in Future Years for Road	
Paving Project Lease Purchase Principal (Note 4)	225,000
Amounts to be Provided in Future Years for Road	
Grader Lease Purchase Principal (Note 4)	69,000
Jail Fund:	
Amounts to be Provided in Future Years for Jail Annex	
Capital Lease Principal Obligations (Note 4)	111,000
Amounts to be Provided in Future Years for Courthouse	
Facilities - First Mortgage Refund Revenue Principal	
Bonds (Note 5)	515,000

Debt Service Fund Type

Courthouse Improvements Bond Fund:	
Amounts to be Provided in Future Years for Courthouse	
Facilities - General Obligation Bond Principal (Note 5)	1,784,852
	3,015,375
Total Assets and Other Resources	\$ 4,440,701

The accompanying notes are an integral part of the financial statements.

LARUE COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2001  
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund-

Road Garage Property Lease Purchase Principal (Note 4)	\$	310,523	
Road and Bridge Fund-		225,000	
Road Paving Project Lease Purchase Principal (Note 4)			
Road Grader Lease Purchase Principal (Note 4)		69,000	
Jail Fund-			
Jail Annex Lease Purchase (Note 4)		111,000	
Courthouse Facilities Bond Principal Not Matured (Note 5)		515,000	
Payroll Revolving Account		<u>50,514</u>	\$ 1,281,037

Debt Service Fund Type

Courthouse Improvements Bond Fund-

Bond Principal Not Matured - 1999 Series (Note 5)		1,785,000
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Fund Balances

Reserved:

General Fund Type

General Fund-

LaRue and Nelson County Water Project (Note 7)	\$	200,258
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Unreserved:

General Fund Type

General Fund	\$	1,128,767	
Road and Bridge Fund		2,450	
Jail Fund		<u>43,189</u>	<u>1,174,406</u>
Total Liabilities and Fund Balances			<u>\$ 4,440,701</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LARUE COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5,237,093	\$ 3,409,805	\$ 1,074,518	\$ 745,953
Transfers In	588,587		100,000	344,327
Reimbursements	15,130			
Kentucky Advance Revenue Program	4,419,300	4,207,700	211,600	
Total Cash Receipts	<u>\$ 10,260,110</u>	<u>\$ 7,617,505</u>	<u>\$ 1,386,118</u>	<u>\$ 1,090,280</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,567,328	\$ 3,563,711	\$ 1,126,108	\$ 877,509
Courthouse Improvements Construction Fund - Construction Expenditures	314,106			
Transfers Out	588,587	444,327		144,260
Bonds:				
Principal Paid	105,000			40,000
Interest Paid	79,420			
Principal on Capital Lease:				
Road Garage	20,812	20,812		
Road Paving	26,000		26,000	
Jail Annex	7,000			7,000
Grader	21,000		21,000	
Kentucky Advance Revenue Program Repaid	4,419,300	4,207,700	211,600	
Total Cash Disbursements	<u>\$ 11,148,553</u>	<u>\$ 8,236,550</u>	<u>\$ 1,384,708</u>	<u>\$ 1,068,769</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (888,443)	\$ (619,045)	\$ 1,410	\$ 21,511
Cash Balance - July 1, 2000	<u>2,263,255</u>	<u>1,948,070</u>	<u>1,040</u>	<u>21,678</u>
Cash Balance - June 30, 2001	<u>\$ 1,374,812</u>	<u>\$ 1,329,025</u>	<u>\$ 2,450</u>	<u>\$ 43,189</u>

The accompanying notes are an integral part of the financial statements.



LARUE COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2001  
 (Continued)

Capital Projects Fund Type	Debt Service Fund Type
Courthouse Improvements Construction Fund	Courthouse Improvements Bond Fund
\$ 6,614	\$ 203
15,130	144,260
<u>\$ 21,744</u>	<u>\$ 144,463</u>
\$	\$
314,106	
	65,000
	79,420
<u>\$ 314,106</u>	<u>\$ 144,420</u>
\$ (292,362)	\$ 43
292,362	105
<u>\$ 0</u>	<u>\$ 148</u>

The accompanying notes are an integral part of the financial statements.

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of LaRue County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, management has included the LaRue County Building Commission Corporation as a component unit of LaRue County Fiscal Court.

The fiscal court has included the LaRue County Building Commission Corporation because they appoint a voting majority of the governing board and impose their will to significantly influence the activities of the commission. The financial statements of the corporation are blended with those of the LaRue County Fiscal Court.

Additional - LaRue County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting LaRue County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. LaRue County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The LaRue County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, and Jail Fund.

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for construction acquisition of major capital project facilities. The LaRue County Courthouse Improvements Construction Fund is a Capital Projects Fund Type.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest. Debt service is provided through annual transfers from the general fund in the amount of the debt service requirements for the year. The LaRue County Courthouse Improvements Bond Fund is a Debt Service Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The LaRue County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Capital Projects Fund Type and Debt Service Fund Type.

Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually, and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

LARUE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2001  
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of the LaRue County Fiscal Court:

LaRue County Extension  
 LaRue County Public Health

LaRue County Library

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

LARUE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2001  
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Lease-Purchase Agreements

A. Capital Leases

Road Garage Property

On September 1, the LaRue County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of property for the road garage. The principal was \$385,000 at 4.25 percent for a period of 15 years, interest and principal paid monthly. Principal outstanding as of June 30, 2001 is \$310,227. Future principal and interest requirements are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 11,168	\$ 22,016
2003	10,333	22,963
2004	9,462	23,951
2005	8,623	24,982
2006	7,667	26,057
2007-2013	<u>23,571</u>	<u>190,258</u>
Totals	<u>\$ 70,824</u>	<u>\$ 310,227</u>

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 4. Lease-Purchase Agreements (Continued)

A. Capital Leases (Continued)

Road Paving Project

On May 8, 1998 the LaRue County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for paving of roads. The principal was \$300,000 at 4.5 percent for a period of 10 years, interest and principal paid annually. Principal outstanding as of June 3, 2001 is \$225,000. Lease payments excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 11,791	\$ 28,000
2003	10,221	29,000
2004	8,595	30,000
2005	6,891	32,000
2006	5,099	33,000
2007-2011	4,454	73,000
Totals	<u>\$ 47,051</u>	<u>\$ 225,000</u>

Jail Annex

On June 22, 1992, the LaRue County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the construction of a 30-bed jail annex. The principal was \$164,000 at 5.409 percent for a period of 20 years, interest paid monthly and principal paid annually. Principal outstanding as of June 30, 2001 is \$111,000. Lease payments excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 6,905	\$ 8,000
2003	6,392	8,000
2004	5,852	9,000
2005	5,275	9,000
2006	4,698	9,000
2007-2011	14,153	68,000
Totals	<u>\$ 43,275</u>	<u>\$ 111,000</u>

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 4. Lease-Purchase Agreements (Continued)

A. Capital Leases (Continued)

Grader

On October 8, 1998, the LaRue County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of a grader. The principal was \$110,000 at 3.8 percent for a period of six years, interest paid monthly and principal paid annually. Lease payments excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 2,888	\$ 22,000
2003	1,806	23,000
2004	676	24,000
Totals	<u>\$ 5,370</u>	<u>\$ 69,000</u>

B. Operating Leases

The county has entered into the following lease-purchase agreements:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:				
Sheriff's Vehicles	11/1/1999	11/1/2004	4.5%	\$ 30,442
Road and Bridge Fund:				
Road Equipment	9/1/1997	10/1/2002	4.5%	18,670
Trucks	7/1/1999	6/1/2004	4.5%	46,159

The total principal balance due for lease-purchase agreements is \$ 95,271.

Note 5. Long-Term Debt

A. First Mortgage Refunding Revenue Bonds, Series of 1998

The LaRue County Building Commission Corporation issued \$705,000 of First Mortgage Revenue Bonds, Series of 1991, dated January 1, 1991, at various interest rates for the purpose of constructing a courthouse facility (referred to herein as the "prior bonds").

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 5. Long-Term Debt (Continued)

A. First Mortgage Refunding Revenue Bonds, Series of 1998 (Continued)

The LaRue County Building Commission Corporation issued \$630,000 of First Mortgage Revenue Bonds, Series of 1998, dated October 1, 1998, at 4.10% interest rate for the purpose of discharging the outstanding prior bonds. Proceeds of the refunding revenue bonds were deposited into an Escrow Fund, and used to meet the scheduled principal and interest payments of the prior bonds, from January 1, 1999 through January 1, 2001 (dates inclusive). On January 1, 2001, the prior bonds were called at 103% and all outstanding prior bonds were retired using the remaining balance of the Escrow Fund.

Debt service requirements of the Series 1998 refunding revenue bonds are:

<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 20,193	\$ 45,000
2003	18,348	45,000
2004	16,400	50,000
2005	14,453	45,000
2006	12,505	50,000
2007-2011	29,725	280,000
Totals	<u>\$ 111,624</u>	<u>\$ 515,000</u>

B. General Obligation Improvement Bonds, Series of 1999

The LaRue County Fiscal Court issued \$1,910,000 of General Obligation Improvement Bonds, Series of 1999, dated January 1, 1999, at various interest rates for the purpose of construction of courthouse facilities. Debt service requirements are:

<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 77,080	\$ 70,000
2003	74,490	70,000
2004	71,690	75,000
2005	68,690	75,000
2006	65,690	80,000
2007-2019	485,190	1,415,000
Totals	<u>\$ 842,830</u>	<u>\$ 1,785,000</u>



LARUE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 6. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

During the fiscal year ending June 30, 2001, the LaRue County Jail Canteen Fund received \$136,460 and expended \$134,204. The Jail Canteen reported a June 30, 2001 ending balance of \$48,298. All profit expenditures were for the benefit and/or recreation of the inmates.

Note 7. State Grants

LaRue County received from the Kentucky State Treasurer a grant during the fiscal year ending June 30, 2000 in the amount of \$1,000,000 to allow the expansion of public water service by funding 312 feet of water main and the addition of a 100-gallon elevated water storage tank. The expansion would reach approximately 550 new customers in LaRue and a portion of Nelson County representing a 30 percent increase in services to residences, most of which are currently utilizing contaminated ground water sources. Total expenditures for the fiscal year ending June 30, 2000 were \$54,634 and for the fiscal year ending June 30, 2001 were \$745,108. The unexpended balance of the grant as of June 30, 2001 was \$200,258.

LaRue County received from the Kentucky Heritage Land Conservation Fund a grant during the fiscal year ending June 30, 2001 in the amount of \$922,800 for the purchase of a local 228-acre wooded farm site for the purpose of developing an Environmental Education Center. The general public and schools will utilize this center for environmental education purposes. Total expenditures for the fiscal year ending June 30, 2001 were \$922,800. The unexpended balance of the grant as of June 30, 2001 was \$0.

LaRue County received from the Kentucky State Treasurer a grant during the fiscal year ending June 30, 2001 in the amount of \$500,000 for the purchase of the Abraham Lincoln Boyhood Home for the purpose of donating the site to the National Parks Service. Total expenditures for the fiscal year ending June 30, 2001 were \$500,000. The unexpended balance of the grant as of June 30, 2001 was \$0.

Note 8. Delinquent Tax Escrow Account

LaRue County has a delinquent tax escrow account in the amount of \$236. According to KRS 393.110, the County should report annually to the Treasury Department any unclaimed moneys. After seven years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



LARUE COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 5,793,385	\$ 3,409,805	\$ (2,383,580)
Road and Bridge Fund	1,216,285	1,074,518	(141,767)
Jail Fund	834,173	745,953	(88,220)
Totals	<u>\$ 7,843,843</u>	<u>\$ 5,230,276</u>	<u>\$ (2,613,567)</u>

Reconciliation

Total Budgeted Operating Revenue Above		\$ 7,843,843
Add: Budgeted Prior Year Surplus	\$ 249,177	
Budgeted Borrowed Money	<u>4,419,300</u>	4,668,477
Less: Budgeted Kentucky Advance Revenue Program	\$ 4,419,300	
Budgeted Bond Principal	40,000	
Budgeted Transfers to Courthouse Improvements Fund	144,260	
Budgeted Capital Lease Obligations-Principal	<u>76,750</u>	<u>(4,680,310)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 7,832,010</u>

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SCHEDULE OF OPERATING REVENUE





LARUE COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Revenue Categories	GOVERNMENTAL FUND TYPES			
	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 752,324	\$ 752,324	\$	\$
In Lieu Tax Payments	1,299	1,299		
Excess Fees	101,367	101,367		
Licenses and Permits	29,030	29,030		
Intergovernmental Revenues	3,642,028	3,642,028		
Charges for Services	323,479	323,479		
Miscellaneous Revenues	110,663	110,663		
Interest Earned	276,903	270,086	6,614	203
Total Operating Revenue	<u>\$ 5,237,093</u>	<u>\$ 5,230,276</u>	<u>\$ 6,614</u>	<u>\$ 203</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



LARUE COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 521,015	\$ 439,920	\$ 81,095
Protection to Persons and Property	1,370,896	1,293,033	77,863
General Health and Sanitation	2,108,928	816,384	1,292,544
Social Services	6,100	4,568	1,532
Recreation and Culture	350,785	49,905	300,880
Roads	1,070,093	1,040,833	29,260
Other Transportation Facilities/Services	150,000		150,000
Debt Service	247,188	128,130	119,058
Capital Projects	1,505,115	1,368,165	136,950
Administration	501,890	426,390	75,500
<b>TOTAL OPERATING BUDGET - ALL GENERAL FUND TYPES</b>	<b>\$ 7,832,010</b>	<b>\$ 5,567,328</b>	<b>\$ 2,264,682</b>
Other Financing Uses:			
General Obligation Bonds-			
Principal	40,000	40,000	
Transfers to Courthouse			
Improvements Fund-			
Principal	65,000	65,000	
Interest	79,260	79,260	
Kentucky Advanced Revenue Program			
Principal	4,419,300	4,419,300	
Capital Lease Obligations			
Principal	76,750	74,812	1,938
<b>TOTAL BUDGET - ALL GENERAL FUND TYPES</b>	<b>\$ 12,512,320</b>	<b>\$ 10,245,700</b>	<b>\$ 2,266,620</b>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Tommy Turner, LaRue County Judge/Executive  
Members of the LaRue County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of LaRue County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated February 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LaRue County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LaRue County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
February 28, 2002

